

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF REVIEW OF DELMARVA)
POWER & LIGHT COMPANY'S CUSTOMER)
SERVICE STANDARDS FILED IN CONNECTION) PSC DOCKET NO. 06-168
WITH ITS RETAIL COMPETITION RESTRUC-)
TURING PLAN PURSUANT TO 26 DEL. C.)
§ 1006 (A) (2) (d) (FILED MAY 23, 2006))

ORDER NO. 7105

AND NOW, this 19th day of December, 2006, the Commission finds, determines and orders the following:

WHEREAS, on December 9, 2003, the Commission approved a Settlement Agreement in PSC Docket No. 02-231, involving a Cost of Service Study filed by Delmarva Power & Light Company ("Delmarva" or the "Company"), which set forth certain criteria on which the Commission Staff ("Staff") and the Division of the Public Advocate ("DPA") would continue to monitor the Company's performance in customer service areas, including call center response, meter reading, and billing;

AND WHEREAS, the Supplemental Settlement Agreement entered into by the parties applied these cost of service benchmarks for calendar years 2004 and 2005;

AND WHEREAS, after the expiration of the Supplemental Settlement Agreement at the end of December 2005, Staff believed that the Company's performance in certain customer service areas should continue to be monitored on a basis similar to that approved by the Commission in its prior Order;

AND WHEREAS, the Commission, by Order No. 6920 entered on June 6, 2006, opened the above-captioned docket for the purpose of reviewing the application of the customer service benchmarks approved as part of PSC Docket 02-231 to determine whether they should be modified and for what period in the future they should be applied;

AND WHEREAS, Commission Order No. 6920 further directed Staff, the Division of the Public Advocate, and the Company to participate in informal workshops with the goal of developing a proposed settlement agreement related to the establishment of future customer service performance that the Commission would review;

AND WHEREAS, Commission Order No. 6920 further provided that if the parties were unable to resolve the matter through an informal process, the Commission would appoint a Hearing Examiner to conduct evidentiary hearings and provide proposed findings and recommendations to the Commission;

AND WHEREAS, a subsequent issue was raised at the June 20, 2006 Commission meeting related to an incorrect bill that was sent to a customer and debited from his checking account;

AND WHEREAS, the parties engaged in a process of meetings and negotiations on customer service matters as directed by Order No. 6920;

AND WHEREAS, the Company reviewed with Staff, and Staff is satisfied with, additional measures put into place related to minimizing a recurrence of this problem. These measures include additional controls in the areas of people, process, and technology;


AND WHEREAS, the Commission, having been informed that the parties have reached a Proposed Settlement Agreement on the customer service issues addressed in Order No. 6920, and the Commission, having reviewed the Proposed Settlement and considered the parties' comments in support of the Proposed Settlement and believing that the Proposed Settlement is in the public interest;

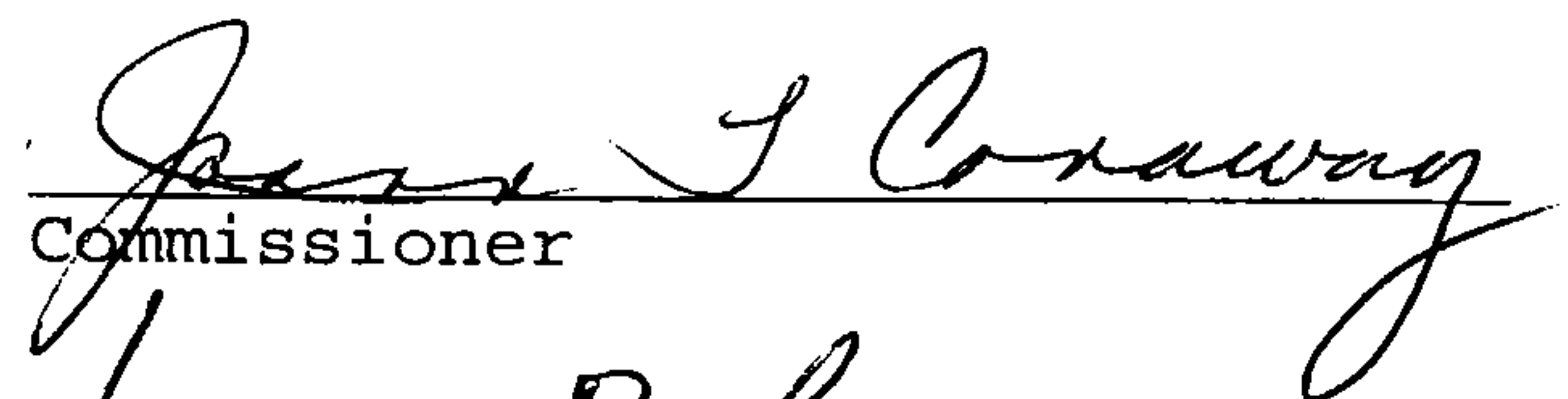
IT IS ORDERED:

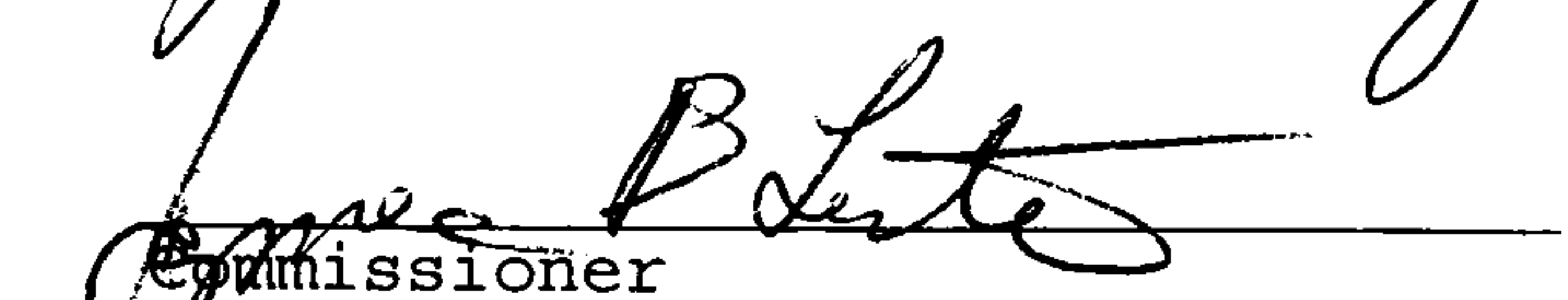
1. That, by and in accordance with the affirmative vote of a majority of the Commissioners, the Commission hereby adopts the Proposed Settlement (attached to the original hereof as Attachment "A") reached by the parties in the above-captioned matter.

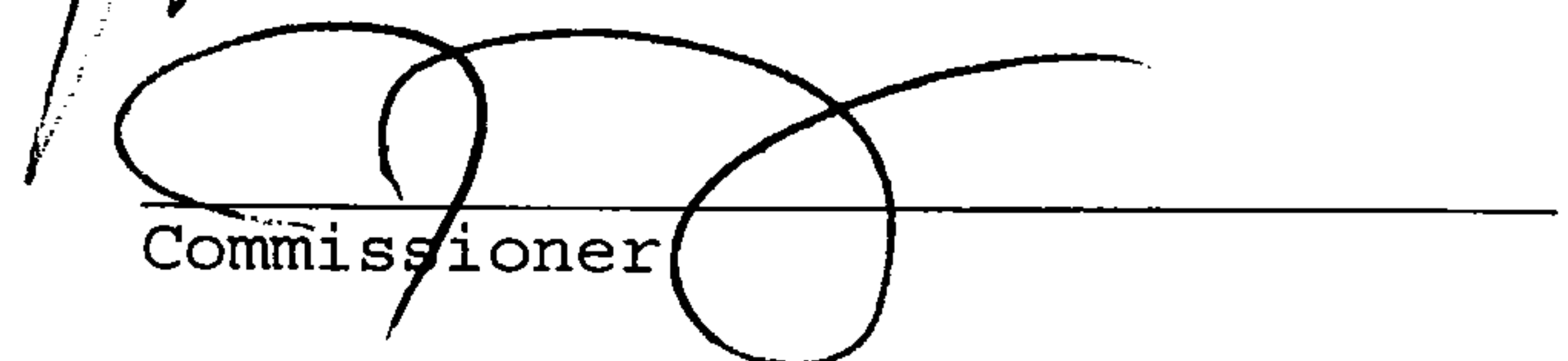
2. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

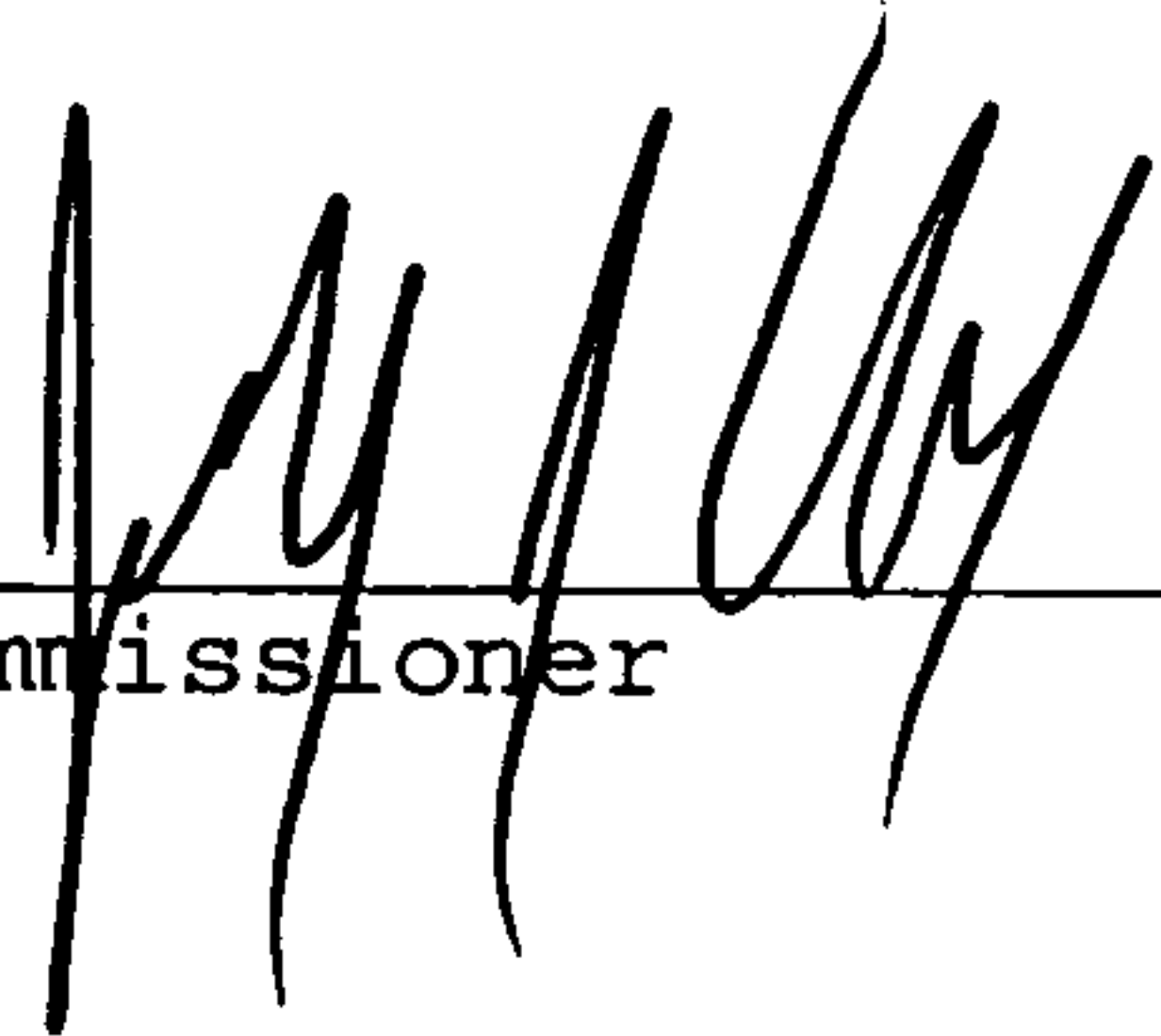

Chair


Commissioner


Commissioner



Commissioner

PSC Docket No. 06-168, Order No. 7105 Cont'd.



Commissioner

ATTEST:



Secretary

A T T A C H M E N T "A"

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PROPOSED SETTLEMENT AGREEMENT

WHEREAS, the Commission, by Order No. 6920 entered on June 6, 2006, opened the above-captioned docket for the purpose of reviewing the application of the customer service benchmarks approved as part of PSC Docket No. 02-231 to determine whether such customer service benchmarks should be modified and for what period in the future they should continue to be applied;

AND WHEREAS, Order No. 6920 further directed Staff, the Division of the Public Advocate, and the Company to participate in informal workshops with the goal of developing a proposed settlement agreement related to the establishment of future customer service performance that the Commission would review;

AND WHEREAS, having engaged in a process of meetings and negotiations on the customer service matters as directed by PSC Order No. 6920, the parties have reached the following proposed settlement terms:

A. Call Center Performance:

1. The Call Center will achieve a monthly minimum Telephone Service Factor ("TSF") level of 80%.
 - a. For purposes of this Agreement, TSF is defined as the percentage of calls answered within 30 seconds.
 - b. TSF shall be measured using statistics of calls received from the Company's Bay and New Castle regions.
 - c. TSF shall be measured from the time the customer selects a menu option until the call is answered.
 - d. TSF performance level of 80% shall include calls answered/handled by the Company's Voice Response Unit ("VRU").
 - e. TSF performance figures shall exclude calls made during periods of major telecommunication failures and other periods of major disruptions, such as strikes, work stoppages, catastrophes, or natural disasters. The Company will make its best effort to report and quantify the number of calls that were impacted by any such events.
2. The following actions will be taken if the Company fails to meet its monthly TSF performance of 80%.
 - a. The Company will be assessed a liability for each month within a calendar year that it fails to achieve a TSF of at least 80%. For each month within a calendar year that the Company achieves a TSF of 85% or above, it will be entitled to one banked asset, as long as in the month preceding, the Company achieved a TSF of at least 80%. At the end of each calendar year, the banked regulatory assets and liabilities will be netted. In the event that there are net monthly liabilities at the end of a calendar year, the Company will make payments as follows: 1 monthly liability - \$0; 2 monthly liabilities - a total payment of \$25,000; 3 monthly liabilities - a total payment of \$65,000. For each monthly liability over 3 months, an additional \$50,000 payment will be assessed. All payments will be made to the State of Delaware General Fund. In the event that there is a net "banked" asset

balance at the end of a calendar year, the balance would be zeroed out with no credit to the Company. Neither liabilities nor assets will carry over from year to year.

- b. If the Company achieves a TSF of below 80% for any given month, the Company will provide Staff with a letter of explanation outlining the reason(s) for the below target performance. Any such letter shall be provided to Staff within 15 days of reporting the performance.

B. Reporting:

1. Beginning in November 2006, the Company shall provide Staff with a monthly Customer Service Metrics Report for Call Center and Walk-in Centers within 30 days after the end of each month. The report shall include the reporting of the TSF both with and without calls handled entirely by the VRU.
2. The Company shall provide Staff with a quarterly update of Call Center technology, operations and staffing, and will list any significant events and/or modifications to the Call Center that affect the Bay and New Castle regions.

C. Walk-In Customer Service Locations:

The Company shall continue to operate its existing customer service walk-in facilities at no less than the current level of service provided.

D. Training:

The Company shall continue to provide "second job" training and refresher training to allow for timely utilization of Company employees from other job areas to staff the Call Center in situations where necessary.

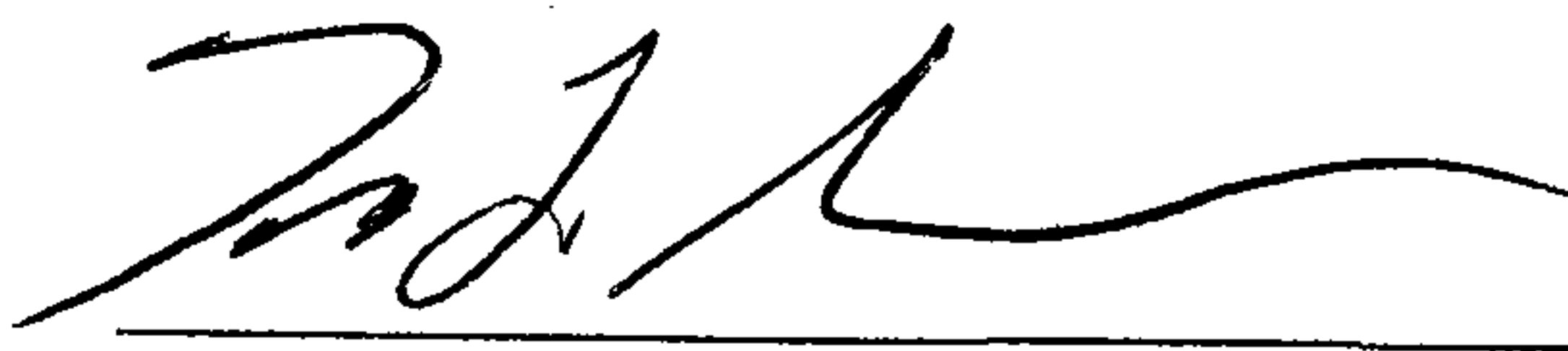
E. Term:

Staff, DPA, and Delmarva agree to meet no later than August 31, 2008 to consider whether there will be a need for continuing customer service targets and monitoring, whether targets and monitoring should be modified, and for what period in the future, if any, they should be applied. The existing targets will remain in place until changed by Commission Order. In any event, any party to this agreement shall have the right at any time to petition the Commission to request modification of the terms or to evaluate the need for the agreement to remain in force.

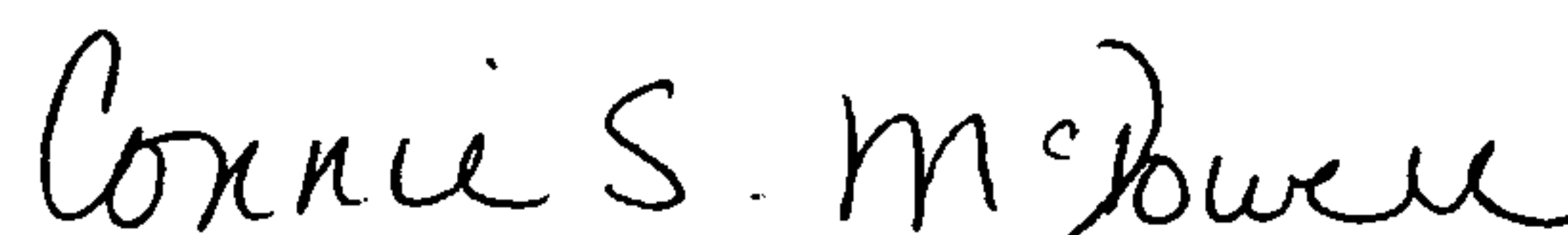
F. Other:

The Company will provide a quarterly compliance report on the status of open action items related to various customer service and operational issues that are contained in the settlement approved as part of PSC Order No. 6920 in PSC Docket No. 02-231. This first quarterly report will commence on January 31, 2007, covering October, November, and December of 2006. Accordingly, this settlement incorporates any remaining open items' action and the associated compliance deadlines approved as part of Order No. 6920 in PSC Docket No. 02-231.


IN WITNESS WHEREOF, intending to bind themselves and their successors and assigns, the undersigned Parties have caused this Proposed Settlement to be signed by their duly-authorized representatives.



Delmarva Power & Light
Company



Delaware Public Service
Commission Staff



Division of the Public Advocate